

SAN CARLOS APACHE TELECOMMUNICATIONS UTILITY, INC. ELIGIBLE TELECOMMUNICATIONS CARRIER ANNUAL REPORT

The following is the annual report for San Carlos Apache Telecommunications Utility, Inc. (SCATUI or the Company) in compliance with 47 C.F.R. § 54.209. As a tribally owned company, SCATUI is not subject to the jurisdiction of a state regulatory authority. Consequently, SCATUI was designated as an eligible telecommunications carrier (ETC) by the Federal Communications Commission (Commission) under section 214(e)(6) on February 27, 1998.¹ This report contains accurate facts as attested to by Appendix A.

§ 54.209(a)(1) Five-Year Service Improvement Plan

SCATUI is a wireline incumbent local exchange carrier (ILEC) that received its ETC designation in 1998 (prior to the adoption of § 54.209), and filed a five-year plan in 2006 with its first annual report. SCATUI's study area consists of only one exchange, San Carlos; however, the exchange covers the entire San Carlos Apache Reservation area (Reservation), approximately 2,854 square miles in Southeastern Arizona. The Company has one wire center (CLLI code PRDTAZ01DSO). A map of the Company's service area is included as Appendix C to this filing.

Since acquisition of the San Carlos exchange from US West in 1998, SCATUI has increased its customer base from 607 customers to over 2,500 residential and business customers². SCATUI has brought quality service and the availability of advanced services to its customers, even though the difficult and mountainous topography, distance between rural communities, and geographically-scattered housing developments significantly increase the expense of constructing, operating, and maintaining reliable communication networks on the Reservation.

The following chart is SCATUI's updated five-year service improvement plan chart which shows the actual capital expenditures made during 2006, 2007, 2008, 2009 and 2010. During the past five years the Company has made significant capital investments and network improvements totaling over \$13.2 million to benefit its customers. SCATUI completed a major fiber project which included the installation of fiber to the premises as existing copper was exhausted or met its useful life, and as new Greenfield areas have been developed. Other capital investments include the installation of equipment site buildings and standby generators, the replacement of NG digital loop carriers with broadband loop carriers, and the replacement of a legacy switch with a softswitch. A copper outside plant project was also completed to increase line capacity on exhausted copper. Flood control improvements to the land were also made to protect the company building and equipment after major flooding damaged the terrain (including the loss of culverts) between the roadway and company building.

In 2010 SCATUI was awarded a \$5.2 million grant and \$5.2 million RUS loan through the Broadband Initiatives Program (BIP) to, among other things, provide FTTP to five new communities, a new hospital

¹ See *Designation of Fort Mojave Telecommunications, Inc., Gila River Telecommunications, Inc., San Carlos Apache Telecommunications Utility, Inc., and Tohono O'odham Utility Authority as Eligible Telecommunications Carriers Pursuant to Section 214(3)(6) of the Communications Act*, Memorandum Opinion and Order, 13 FCC Rcd 4547 (CCB 1998.)

² There are only a small number of private businesses on the Reservation and the majority of residential customers are Lifeline subscribers since approximately 72% of the Reservation's residents live at or below the poverty line.

and multiple doctor facilities that are currently unserved. BIP funding will also be used to build new tower sites to provide cell phone and broadband Internet services to residents and emergency service personnel to very remote areas of the reservation that are unserved.

SCATUI is currently preparing an application for RUS funding for facility improvements for existing customers.

SCATUI received approximately \$3.5 million in high-cost universal service support during calendar year 2010.

SCATUI Five-Year Service Improvement Plan

SCATUI's Capital Expenditures	Actual	Actual	Actual	Actual	Actual	Actual
	2006	2007	2008	2009	2010	<i>Original Estimate</i>
						Total Cost
OSP PROJECTS						
Loop Facilities	\$1,500,000	\$1,200,000	\$4,277,000	\$116,000	\$328,000	\$7,421,000 <i>\$3,050,000</i>
Building & Land	\$655,000	\$950,000	\$253,128	\$126,000	\$59,000	\$2,043,128 <i>\$1,986,000</i>
SWITCH						
Softswitch Upgrade	\$269,000	\$21,000	\$563,018	\$0	\$0	\$853,018 <i>\$497,000</i>
DIGITAL LOOP CARRIER						
Upgrade and install new DLCs	\$750,000	\$0	\$0	\$53,000	\$124,000	\$927,000 <i>\$1,379,000</i>
TRANSPORT NETWORK						
Sonet OC-48 Network	\$250,000	\$0	\$523,399	\$0	\$0	\$773,399 <i>\$400,000</i>
MISCELLANEOUS						
Vehicles & Equipment	\$57,000	\$56,000	\$0	\$30,000	\$252,000	\$311,000 <i>\$781,000</i>
Engineering	\$460,000	\$360,000	\$0	\$0	\$0	\$820,000 <i>\$1,318,750</i>
GRAND TOTAL	\$3,941,000	\$2,587,000	\$5,616,545	\$325,000	\$763,000	\$13,232,545 <i>\$9,411,750</i>

§ 54.209(a)(2) – Outage Information

In its annual report an ETC is required to provide detailed information on any outage, as the term is defined in 47 C.F.R. §4.5, of at least 30 minutes in duration for each service area in which an ETC is

designated for any facilities it owns, operates, leases, or otherwise utilizes that potentially affect (a) at least ten percent of the end users served in a designated service area; or (b) a 911 special facility.

During the past twelve months, SCATUI experienced no outages of 30 minutes or longer that affected at least 10% of its end users.

§ 54.209(a)(3) – Unfilled Service Requests

During the past twelve months, SCATUI has had twenty (20) unfilled service requests. All unfilled requests are in two new subdivisions where there was no in ground infrastructure. Service to these new subdivisions is part of a FTTP project funded through BIP, as described above. A shortage of fiber delayed the planned installation; however, the conduit is now in place and preparations are underway for the fiber to be blown into the conduit. Service is expected to be provided to all 20 customers by the end of 2011.

§ 54.209(a)(4) – Customer Complaints

During the past year (September 2010 through August 2011), SCATUI received an average of forty-two (42) (trouble reports) monthly per 1,000 access lines.

§ 54.209(a)(5) – Service Quality and Consumer Protection Certification

As a company owned by the San Carlos Apache Tribe, it is reasonable that SCATUI operates under service quality standards and customer protections that are in the best interest of its customers, who are mostly members of the Tribe. The rates, terms and conditions under which SCATUI operates are outlined in its Local Exchange Tariff which was modeled after the tariffs of state regulated small rural ILECs, although SCATUI itself is not regulated by the Arizona Corporation Commission (ACC). SCATUI modifies its tariff from time to time with approval of, or at the request of the Tribal Council. The Company's tariff contains provisions regarding its customer service and protection practices, including resolving disputes with the Company, applying for service, the classification of business and residential rates, deposits, billing and payment for service, refusal, disconnection and cancellation of service. The tariff is available for customer review in the Business Office, as requested. Rates and terms of service are disclosed to customers upon application for service both verbally and in writing as part of a packet of information for new customers. Rates, applications and certain terms of service are also available on SCATUI's website www.scatui.net.

Service quality standards are established by the SCATUI Board of Directors with a Tribal Council liaison sitting on the Board. Monthly reports on service quality compliance are provided to the Board, with periodic updates to the Tribal Council.

Certification that the Company is complying with applicable service quality standards and consumer protection rules is included as Appendix B.

§ 54.209(a)(6) – Ability to Remain Functional in an Emergency Situation

SCATUI's network is designed to remain functional in an emergency situation. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality

without an external power source until power is restored, so long as fuel is available. The network is capable of managing traffic spikes resulting from emergency situations.

SCATUI has a restoration plan in place to restore any disruption in service expeditiously, including splicing of damaged facilities when warranted. SCATUI has installed three Sonet fiber rings that increase the survivability of its network. Implementation of the rings allows SCATUI to maintain service to their remote electronic sites in the event of a fiber outage, making SCATUI's network efficient, economical, and reliable.

Certification that the Company is able to function in emergency situations is included as Appendix B.

§ 54.209(a)(7) – Local Usage Plan Certification

An ETC is required to certify that it is offering a local usage plan comparable to that offered by the incumbent LEC. Because SCATUI is the incumbent LEC, this certification is not logically applicable to SCATUI. However, recognizing that local usage is a component of the supported services, SCATUI can certify that it offers unlimited minutes of local calling to its customers throughout its service area.

Certification to the availability of unlimited minutes of local calling is included as Appendix B.

§54.209(a)(8) – Equal Access Certification


An ETC is required to provide certification acknowledging that the Commission may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within its service area. As the incumbent LEC, SCATUI currently provides equal access to long distance carriers pursuant to §51.209.

Certification to equal access provisioning is included as Appendix B.

VERIFICATION

I, Shirley Ortiz, do hereby declare under penalty of perjury as follows: I have read the foregoing report and to the best of my knowledge and belief, the facts stated therein are true.

San Carlos Apache Telecommunications Utility, Inc.



Shirley Ortiz
Chief Executive Officer

September 28, 2011

Certifications Pursuant to §54.209

I, Shirley Ortiz, do hereby declare, to the best of my knowledge and belief, under penalty of perjury the following:

1. San Carlos Apache Telecommunications Utility, Inc. (SCATUI or the Company) complies with service quality standards and consumer protection rules as initially agreed upon by the San Carlos Tribal Council and as provided in the Company's tariffs.
2. SCATUI is able to function in emergency situations. SCATUI has a reasonable amount of back-up power to ensure functionality without an external power source, and is capable of managing traffic spikes. SCATUI has the ability to reroute traffic around damaged facilities due to the installation of three Sonet fiber rings and there is a restoration plan in place for the expeditious recovery of service.
3. As an incumbent ILEC, SCATUI offers service plans to its customers with unlimited minutes of local calling throughout the service area.
4. SCATUI provides equal access to long distance carriers pursuant to §51.209.

San Carlos Apache Telecommunications Utility, Inc.



Shirley Ortiz, Chief Executive Officer

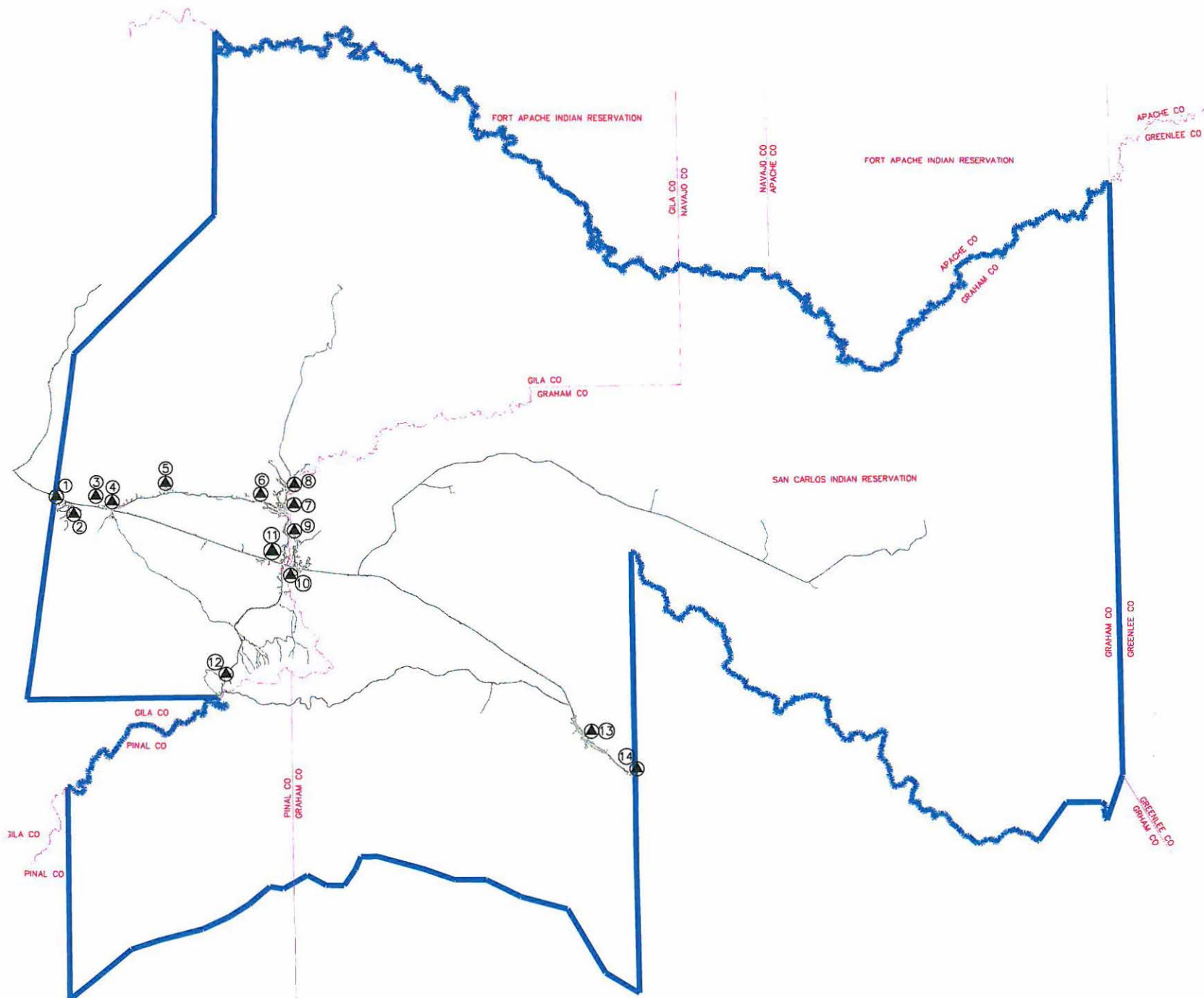
September 28, 2011

APPENDIX C

EXCHANGE AREA MAP DESCRIPTION

The numbered circles with triangles are locations at which SCATUI has transfer nodes for its network. The names of the locations generally relate to the community or subdivision name with the exception of #11, the central office at Peridot. The main highway through the San Carlos Apache Reservation is U.S. 70, which runs from #1 (West Boundary) to #14 (East Boundary). The nearest population center outside the Reservation is Globe, AZ (population 6,000) a few miles to the west of #1.

APPENDIX C



General Notes

1. West Boundary
2. Beverly Hills
3. Casino
4. Cutter
5. Skill Center
6. Detention Center
7. North San Carlos
8. Airport 79
9. Again Bridge
10. Moonbase
11. C.O.
12. Coolidge Dam
13. Bylas
14. East Boundary

Drawn By: ATH

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SCATUI

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